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THE REPUBLIC OF PANAMA

PEOPLE

Panama's 1.8 million people are mostly mestizo -- a mixture of Caucasian and Amerindian. More than any other Central American republic, Panama's culture and customs are essentially Caribbean Spanish. And while Spanish is the official and dominant language, English is a common second language, largely as a result of the Canal and the American influence. English is spoken by the West Indians and the North Americans in the former Canal Zone. With Panama City and Colon, the republic has the ultimate in urban complexity but further east and west of the international area a true, rural society emerges.

GEOGRAPHY

Panama is the land bridge between North and South America and is bisected by the famous Panama Canal. Two mountain ranges marked by some peaks that rise as high as 3,374 metres form the backbone of this long isthmus. Thick tropical forests cover the eastern regions where rainfall is heavy.

HISTORY

Twelve years after Columbus sailed along the coast of Panama in 1501, Vasco Nunez de Balboa crossed the isthmus to the Pacific Ocean. Later Spanish expeditions were sent into Peru and Central America from ports on Panama's coasts.

After gaining independence from Spain in 1821, Panama joined the Confederation of Greater Colombia which lasted until 1903. Panama then split with Colombia because the latter rejected a treaty enabling the United States to build the Panama Canal.

Panama's political and economic life was dominated by a relatively small, elite group until the last term of President Arnulfo Arias, which began on October 1, 1968. The National Guard overthrew President Arias 10 days later and established a provisional junta government controlled by Guard Commander, Brigadier-General Omar Torrijos. Two civilians, Demetrio Lakas and Arturos Sucre, were appointed president and vice-president of the junta in 1969. An Assembly of 505 community representatives was elected in August 1972 which approved a revision of the 1946 constitution and elected Lakas and Sucre to their former posts. The Assembly also gave extraordinary executive powers to Brigadier-General Torrijos for a six-year period.

The 1968 coup resulted in a moratorium on organized political activity with all parties being declared "extinct" pending revision of the electoral code and "restructuring" of the party system. In the election in August 1978, no parties were allowed to participate under their official titles but it was generally accepted that supporters of General Torrijos gained a majority. In an apparent move to restore constitutional democracy after 10 years of military rule, General Torrijos stepped down as head of government and nominated Aristides Royo as president. He was duly elected president by the National Assembly on October 11, 1978. Since then opposition parties have been re-instated.

The 1977 Panama Canal Treaty between the United States and Panama transferring ownership of the canal to Panama has been ratified. Although the Treaty came into effect on October 1, 1979, the transfer of full ownership to Panama will not be made until January 2000.

ECONOMY

Agriculture (rice, maize, coffee, citrus, sugar and raising of livestock) accounts for more than half of total export earnings and provides employment for more than one-third of the labor force.

Despite a trade deficit, mainly as a result of substantial imports of consumer goods from the U.S., Panama has been able to balance its budget and maintain a relatively high standard of living largely as a result of revenue from the Canal. Mining of large copper deposits is expected to strengthen the economy in the 1980s.

The Canadian Export Development Corporation has approved a \$1.1 billion loan in connection with development of the Cerro Colorado Copper Mine which has reserves of one to three billion tonnes of above-average grade ore. The country's international banking operations continue to grow as a result of political stability and strategic location.

CANADIAN ASSISTANCE

Canada has no bilateral assistance program with Panama but operates a \$350,000 fund administered by the Canadian Embassy in San José, Costa Rica. This fund is used for projects in Panama which are usually initiated by community groups and voluntary organizations and which provide economic, technical or social development assistance.

The country also benefits from Canada's contributions to the World Bank and its concessional lending arm, the International Development Association (IDA), the Inter-American Development Bank (IDB), agencies of the United Nations and the World Food Program (WFP).

During the past decade, until June 30, 1980, the World Bank provided loans totalling U.S. \$316.2 million to Panama.

MULTILATERAL AND REGIONAL ASSISTANCE

CIDA funds are also channeled to Panama through agencies of the United Nations, the Inter-American Development Bank, the World Bank and other financial institutions.

ASSISTANCE FROM CIDA'S SPECIAL PROGRAMS BRANCH

The assistance channels of the Special Programs Branch involve direct participation of Canadians in efforts to promote self-reliance and meet basic human needs in developing countries.

The Non-Governmental Organizations Division (NGO) and the Institutional Cooperation and Development Services Division (ICDS) share the cost of projects in the poorest countries of Central America with private organizations (NGOs). NGOs operated 10 projects in Panama in 1979-80 to which the NGOs contributed \$229,799 which was matched by \$165,862 from CIDA.

NGOs include the United Church of Canada, Dominion Food for the Hungry, the Inter-Church Fund International and others. Projects ranged from leadership training programs to pilot, potable water developments.

COUNTRY PROFILE

| | |
|---|--|
| Official name | Republic of Panama |
| Capital | Panama |
| Area | 77,000 sq. km. |
| Population (1980) | 1,837,000 |
| Population density | 23.8 people per sq. km. |
| Population growth rate (1970-79) | 2.3% |
| Official language | Spanish |
| Significant dates | |
| 1513 | Discovery of Panama by explorer Vasco Nunez de Balboa. |
| November 3, 1903 | Panama declares its independence from Spain. |
| October 11, 1972 | Promulgation of new constitution. |
| Life expectancy at birth (1979) | 70 years |
| Infant mortality rate (age 0-1) | 47 per 1,000 live births |
| Daily per capita calorie supply as percentage of requirement (1977) | 101% |
| Percentage of population with access to safe water (1975) | 79% |
| Adult literacy rate | n.a. |
| Currency | Panamanian Balboa |
| GNP per capita (1979) | U.S. \$1,400 |
| Inflation rate (1979) | 7.9% |

Percentage of labor force in:

| | |
|-------------|-----|
| agriculture | 34% |
| industry | 18% |
| services | 48% |

Main exports

Bananas

Exports to Canada (1980)

| | |
|--|---------------------|
| Metals in ores, concentrates, scrap | \$31,114,000 |
| Fresh bananas and plantains | \$ 5,261,000 |
| Fish and marine animals | \$ 4,395,000 |
| Other | \$ 4,893,000 |
| <u>Total</u> | <u>\$45,663,000</u> |

Imports from Canada (1980)

| | |
|---------------------------------|---------------------|
| Personal and household goods | \$ 5,392,000 |
| Organic chemicals | \$ 2,551,000 |
| Ships, boats and parts | \$ 2,416,000 |
| Other | \$25,630,000 |
| <u>Total</u> | <u>\$35,989,000</u> |


Sources: World Development Report 1981, published by the World Bank.
Atlaséco faits et chiffres 1981/82, published by Le Nouvel
Observateur.
Population and Vital Statistics, published by the United Nations.
1981 World Population Data Sheets, published by the Population
Reference Bureau Inc.
Various publications of the Government of Canada.

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